

Act No. 244  
Public Acts of 2008  
Approved by the Governor  
July 17, 2008  
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July 17, 2008  
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**STATE OF MICHIGAN  
94TH LEGISLATURE  
REGULAR SESSION OF 2008**

**Introduced by Senators Jansen, Hardiman, Birkholz and Kahn**

# **ENROLLED SENATE BILL No. 1243**

AN ACT to amend 1966 PA 346, entitled "An act to create a state housing development authority; to define the powers and duties of the authority; to establish a housing development revolving fund; to establish a land acquisition and development fund; to establish a rehabilitation fund; to establish a conversion condominium fund; to create certain other funds and provide for the expenditure of certain funds; to authorize the making and purchase of loans, deferred payment loans, and grants to qualified developers, sponsors, individuals, mortgage lenders, and municipalities; to establish and provide acceleration and foreclosure procedures; to provide tax exemption; to authorize payments instead of taxes by nonprofit housing corporations, consumer housing cooperatives, limited dividend housing corporations, mobile home park corporations, and mobile home park associations; and to prescribe criminal penalties for violations of this act," by amending section 58b (MCL 125.1458b), as added by 2004 PA 480, and by adding sections 58e and 58f; and to repeal acts and parts of acts.

*The People of the State of Michigan enact:*

Sec. 58b. (1) The authority shall create and implement the Michigan housing and community development program for the purpose of developing and coordinating public and private resources to meet the housing needs of low income, very low income, and extremely low income households and to finance projects located in a downtown area or adjacent neighborhood in this state.

(2) The authority shall identify, select, and make financing available to eligible applicants from money in the fund or from money secured by the fund for housing for low income, very low income, and extremely low income households and for projects located in a downtown area or adjacent neighborhood. This subsection does not preclude the authority from using other resources in conjunction with the fund for a purpose authorized under this chapter.

(3) The authority shall develop a biennial allocation plan providing for the allocation of money from the fund, according to all of the following:

(a) The allocation plan shall contain a formula for distributing money throughout the state based on the number of persons experiencing poverty, economic, and housing distress in various regions of the state.

(b) The allocation plan shall include a preference for special population groups described in section 58c(2).

(c) Not less than 25% of the fund shall be earmarked for rental housing projects that do not qualify under preferences for special population groups or other preferences contained in the allocation plan.

(d) Not less than 30% of the fund shall be earmarked for projects that target extremely low income households and include at a minimum developing housing for the homeless, supportive housing, transitional housing, and permanent housing.

(e) A rental housing project assisted by the fund must set aside at least 20% of the rental units included in the project for households earning no more than 60% of the area median income.

(f) A home ownership project assisted by the fund must set aside at least 20% of the housing units in the project for households earning no more than 60% of the area median income.

(g) Money that has not been committed at the end of a fiscal year shall not be carried over in the category to which the money had been allocated during that fiscal year, but shall be reallocated for the next fiscal year according to the next fiscal year's allocation plan.

(5) Prior to developing the biennial allocation plan, the authority shall hold public hearings in at least 3 separate locations in this state regarding the content of the biennial allocation plan. The authority may make modifications to the allocation plan necessary to facilitate the administration of the Michigan housing and community development program or to address unforeseen circumstances.

(6) The authority shall issue an annual report to the governor and the legislature summarizing the expenditures of the fund for the prior fiscal year including at a minimum a description of the eligible applicants that received funding, the number of housing units that were produced, the income levels of the households that were served, the number of homeless persons served, and the number of downtown areas and adjacent neighborhoods that receive financing.

(7) The authority may promulgate rules under the administrative procedures act of 1969, 1969 PA 306, MCL 24.201 to 24.328, to implement this chapter.

Sec. 58e. (1) The Michigan housing and community development fund advisory committee is created in the authority. The committee shall have 10 members. Members of the committee shall include the executive director of the authority, who shall serve as a nonvoting ex officio member, and the following 9 members appointed by the governor with the advice and consent of the senate:

(a) An individual representing housing lenders, developers, or builders appointed by the governor from a list of 3 or more individuals nominated by the speaker of the house of representatives.

(b) An individual representing housing lenders, developers, or builders appointed by the governor from a list of 3 or more individuals nominated by the majority leader of the senate.

(c) An individual representing cities, villages, or townships.

(d) An individual representing local housing organizations.

(e) An individual representing nonprofit organizations.

(f) An individual representing a local economic development corporation, a downtown development authority, a corridor improvement authority, a business improvement district, or a principal shopping district.

(g) An individual representing a local neighborhood association or neighborhood improvement authority.

(h) Two other residents of this state.

(2) Except as provided in subsection (3), the term of a member of the committee appointed by the governor under subsection (1) shall be 4 years.

(3) Of the members initially appointed by the governor under subsection (1), 2 members shall be appointed for a term expiring on November 30, 2008, 2 members shall be appointed for a term expiring on November 30, 2009, 3 members shall be appointed for a term expiring on November 30, 2010, and 2 members shall be appointed for a term expiring on November 30, 2011.

(4) A vacancy on the committee arising for a reason other than the expiration of a term shall be filled in the same manner as the original appointment for the remainder of the unexpired term.

(5) Members of the committee shall serve without compensation but, subject to available funding, may receive reimbursement for their actual and necessary expenses while attending meetings or performing other authorized official business of the committee.

(6) The governor shall designate 1 member of the committee to serve as chairperson of the committee at the pleasure of the governor. The members of the committee may elect a member of the committee to serve as vice-chairperson of the committee and may elect other members of the committee as officers of the committee as the committee considers appropriate.

(7) The committee may advise the authority on all of the following:

(a) Recommendations for the biennial allocation plan required under section 58b.

(b) Expenditures from the fund under this chapter, including all of the following:

(i) Whether expenditures are distributed fairly and equitably.

(ii) Whether expenditures satisfy housing needs and priorities in this state.

(iii) Whether expenditures satisfy the economic needs and priorities of communities benefiting from the expenditures.

(8) The committee may meet with representatives of the authority, including authority employees and members of the board of directors of the authority, to discuss and provide advice on matters relating to the fund.

(9) The authority may provide the committee with meeting space, supplies, and staff to support the functions of the committee under this section.

(10) A meeting of the committee shall be conducted as a public meeting held in compliance with the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. Notice of the date, time, and place of a public meeting of the committee shall be given as prescribed in the open meetings act, 1976 PA 267, MCL 15.261 to 15.275. A majority of the members of the committee serving constitute a quorum for the transaction of the committee's business. The committee shall act by a majority vote of its serving members.

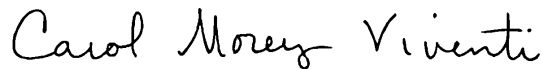
(11) A member of the committee shall not use for personal gain information obtained by the member while performing business of the committee, nor shall a member of the committee disclose confidential information obtained by the member while conducting committee business, except as necessary to perform committee business. The committee shall adopt a code of ethics for its members and establish policies and procedures requiring the disclosure of relationships that may give rise to a conflict of interest. The committee shall require that any member of the committee with a direct or indirect interest in any matter before the committee disclose the member's interest to the committee before the committee takes any action on the matter.

Sec. 58f. (1) When performing duties under this chapter, the authority and the committee created under section 58e shall remain cognizant of the rights of the holders of authority bonds or notes and the extent to which certain authority bond and note contracts may require the authority to either maintain sufficient personnel or contract for services to plan authority programs and to supervise enforcement and, where necessary, foreclosure of authority mortgage agreements.

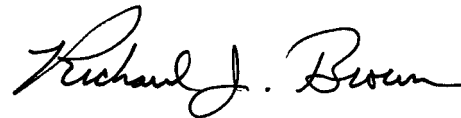
(2) Nothing in this chapter shall be construed to affect the status of money of the authority controlled by the authority as state funds appropriated to the authority lose their identity as state funds upon payment to the authority and become public funds of the authority solely under the control of the authority and funds established by or within the authority and are public trust funds administered by the authority. Nothing in this chapter shall be construed to impair the obligation of any bond or note issued by the authority. Bonds and notes issued by the authority are obligations of the authority and not obligations of this state.

Enacting section 1. The Michigan housing and community development fund act, 2004 PA 479, MCL 125.2821 to 125.2829, is repealed.

This act is ordered to take immediate effect.



Secretary of the Senate



Clerk of the House of Representatives

Approved \_\_\_\_\_

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Governor